

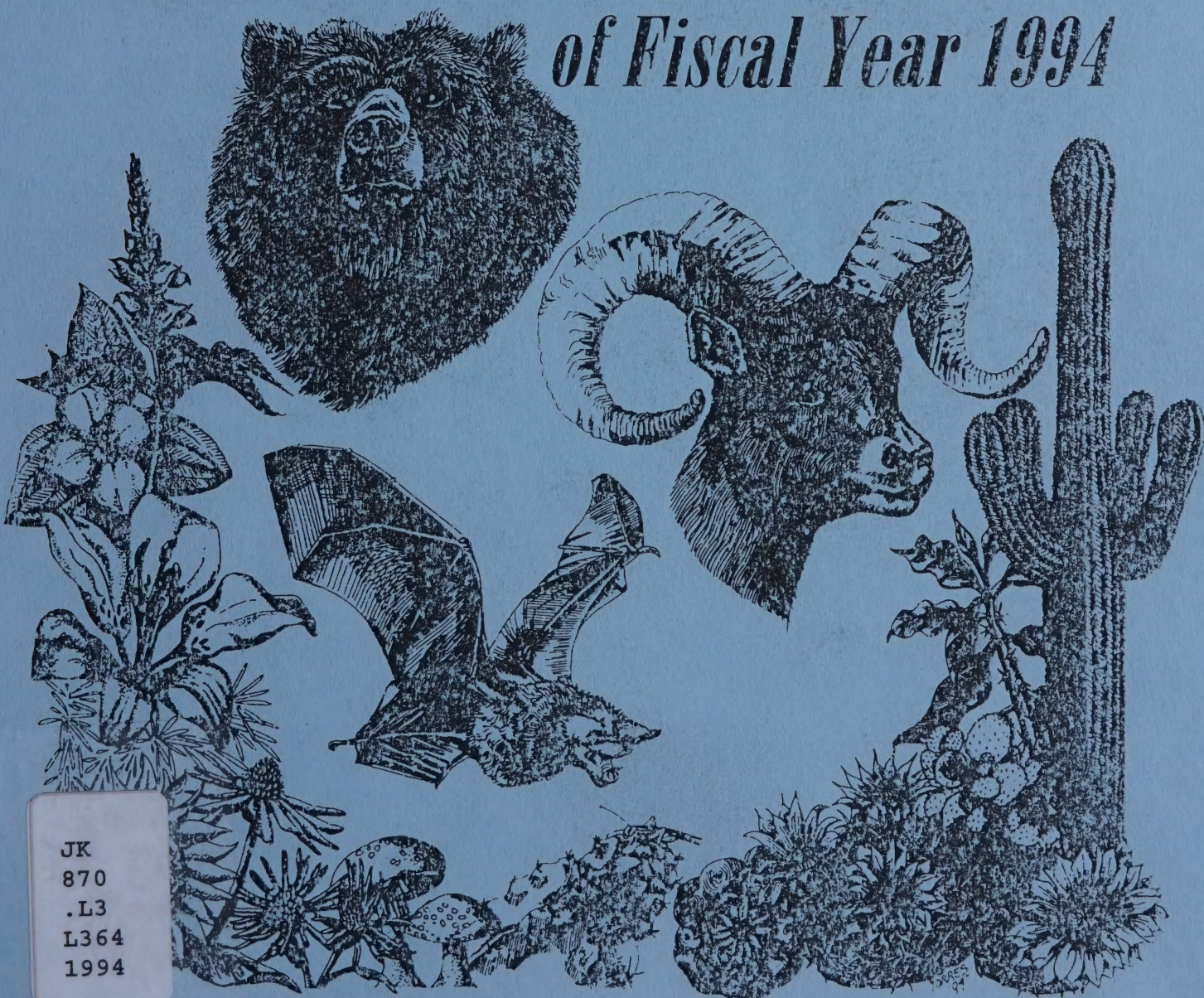


U.S. Department of the Interior
Bureau of Land Management



CHIEF FINANCIAL OFFICER'S REPORT

of Fiscal Year 1994



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Table of Contents

A. Director's Message

B. Chief Financial Officer's Message

C. Budget Performance Results

D. Financial Results

E. Principal Financial Statements

1. Combined Comparative Statements

2. Notes To Principal Financial Statements

3. Combining Comparative Statements By Fund Type

F. Auditor Report

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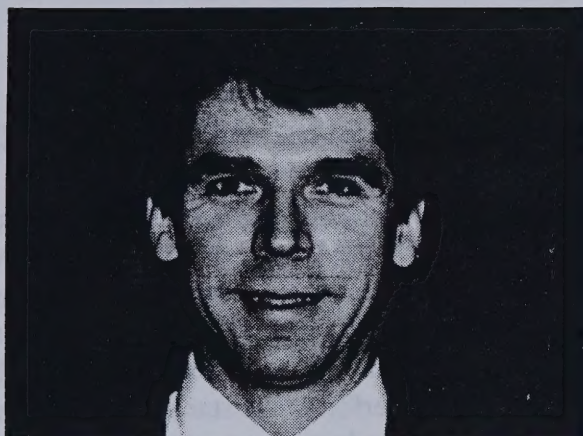
Mike Dornbach
Mike Dornbach
Acting Director



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Washington, D.C. 20240



A MESSAGE FROM THE DIRECTOR

FISCAL YEAR (FY)1994 was a year of constant change. I am proud to report that during the past year the Bureau of Land Management (BLM) was at the forefront of making changes that will move the BLM into a more efficient and effective mode. As documented in the Blueprint For The Future, the strategic goals guiding the BLM are:

- Maintaining healthy ecosystems.
- Serving current and future customers.
- Improving business practices.
- Improving human resource management practices.
- Promoting collaborative leadership.

As described later in this report, the BLM made genuine progress toward developing performance standards against which to measure the achievement of those goals.

Other notable achievements during the year included the BLM's first Summit which was an unparalleled success. Local projects implementing successful ecosystem management principles were showcased from every State Office. The BLM completed the Blueprint For The Future and The Corporate Agenda, two documents setting the future direction of the BLM.

In the financial arena, we began to simplify the budget process saving both time and money. More importantly, the BLM is targeting funds where they are needed most and eliminating most limits on fiscal year spending restrictions.

The final, but a most important achievement, was the reorganization of the Washington Headquarters into teams that deal directly with the BLM work processes or service a particular group of customers. The corporate focus was reoriented to develop data about customer needs. As a result of these and many other achievements, the BLM was publicly acknowledged as a leader in implementing the National Performance Review (NPR) by Vice President Gore.

Mike Dombeck
Acting Director



United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Washington, D.C. 20240



**A MESSAGE FROM THE
CHIEF FINANCIAL OFFICER**

I am proud to report that FY 1994 was a year of accelerating progress in improving business practices. Several process engineering evaluations were initiated, customer service standards were defined and published, performance standards were drafted, and the budget structure was simplified. Additionally, leadership was provided in governmentwide and Departmentally sponsored National Performance Review (NPR)

activities. The common theme of all of these efforts is to constantly improve the quality of service provided to our customers, while simultaneously economizing on the resources necessary to provide this ever improving level of service.

Process reengineering services were initiated in the areas of financial management and management evaluation. A draft report was completed on financial management, with final reports and implementation of its recommendations planned for FY 1995.

Customer service standards were prepared and published in September of 1994. These standards will provide the basis for continual improvement in customer service and responsiveness.

In response to the Government Performance and Results Act (GPRA), strategic objectives and a vision for developing and then continually improving performance standards were established. The strategic objectives were developed in cooperation with the public and the USDA Forest Service. These measures will be field-tested in the first of five continuous improvement cycles between 1995 and the year 2000. The initial results will be summarized in next year's report.

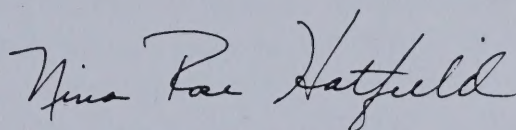
A simplified budget structure was developed for FY 1995 reporting purposes. In addition to providing the framework within which to gather the financial data needed for performance measures reporting purposes, the budget structure revision will allow the redirection of time-consuming and detailed budget development. Execution efforts will increase support of on-the-ground, direct support activities that "touch" the land and our customers.

Financial management participated in NPR governmentwide and Departmental activities. Support was provided to the Office of Management and Budget (OMB) in preparing a framework for Federal financial management systems. Active participation with the Federal Accounting Standards Advi-

sory Board continued. These two initiatives will eventually provide the framework within which to communicate the BLM's financial performance to our customers.

Departmental financial management initiatives included the identification and quantification of workload among bureaus called "Best Practices." Analysis of the study's results demonstrated that the BLM consumes approximately 11.5% of Department-wide resources devoted to financial management, while performing approximately 13.3% of the financial management workload. At \$7.25 per document processed, the BLM has the third lowest per document processing cost among ten bureaus.

In summary 1995 promises to be an exciting year in which the many seeds of progress planted in 1994 begin to bear fruit. The BLM has experienced great progress in implementing performance measures which assess mission accomplishment. In partnership with its customers and employees, the BLM continues to set the standard others will follow in reinventing government.

A handwritten signature in cursive script, reading "Nina Rose Hatfield".

Nina Rose Hatfield
Assistant Director

Section C

Budget Performance Results

Section C

Budget Performance Results

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

Introduction

The following discussion of the BLM program activities in FY 1994 is organized by major BLM appropriation account. Some of the activities and workloads are interdependent and overlapping due to the nature of Public Land management. The accomplishment units cited are simply workload measures that the BLM has maintained over a period of years. However, they are not yet measures of overall performance or program outcomes. As stated previously in this document, the BLM is working on a process for measuring program performance and outcomes. A decision was made to measure the BLM's accomplishments in FY 1994 using these indicators since the FY 1994 budget was justified with these indicators. Also, the reader should bear in mind that the new budget structure the BLM is currently operating under was not effective until the beginning of FY 1995.

Management of Land and Resources

Energy and Minerals Management

Energy and Minerals Management involves the leasing and supervision of Federal onshore and Indian oil and gas, coal, non-energy minerals, geothermal, and oil shale resources; the administration of laws relating to mining on the Public Land; and the sale of mineral materials, management includes the assessment of environmental impacts of proposed minerals development actions and the implementation of measures to mitigate any adverse environmental effects.

- Oil and Gas Management involves managing over 56,000 Federal oil and gas leases (about 19,000 producing) on 41 million acres, and managing about 4,200 Indian leases in producing status. The program involves leasing Federal oil and gas resources onshore, including resource evaluation, post-lease supervision, lease adjustments, drainage detection, diligent development reviews and supervision of Indian mineral leases; environmental assessments; and inspection and enforcement activities. During FY 1994, approximately 2,000 competitive and approximately 1,400 non-competitive leases were issued. In addition, 25,000 lease adjustments and 2,300 Applications for Permit to Drill were processed.

In 1990, BLM redesigned its nationwide inspection and enforcement strategy and began implementing changes in inspection procedures and annual inspection objectives. This was done in response to criticism of the BLM's oil and gas inspection and enforcement (I&E) program in reports prepared by the Senate Select Committee on Indian Affairs, the General Accounting Office (GAO) and the Interior Department Office of the Inspector General (OIG). As a result of the reports, oil and gas I&E was determined to be a mate-

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

rial weakness and has been given priority for funding and management attention to correct deficiencies. This revised policy substantially increases assurance of production accountability and meeting BLM's inspection and enforcement responsibilities. BLM now conducts more intensive and detailed production inspection. When fully implemented, the I&E program will involve inspections of all high priority drilling, abandonment, environmental, public health and safety, and legal activity, as well as inspections on leases containing 80% of all production.

Currently, the program has achieved approximately one half of this goal and is targeting full implementation by FY 1997 or FY 1998, depending on program funding. In FY 1994, 17,000 inspections were conducted.

- Coal Management involves managing about 33 percent of the known coal resources in the United States and indirectly affects the use of at least an additional 10 percent. Approximately 60 percent of Western coal is Federally owned and an additional 20 percent is managed or impacted by the Federal Government. As of September 30, 1994, there were 431 Federal coal leases in force covering about 630,000 acres of Federal lands or subsurface mineral ownership, with an estimated 14.42 billion tons of recoverable reserves. Major emphasis in the program is on active supervision of existing leases and producing operations through lease adjustments, diligent development reviews, and production verification.
- Mining Law Administration provides for administering the laws relating to mining locatable (hardrock) minerals on the Public Land, including the recordation of mining claims, environmental assessment and surface management of ongoing mining activities, issuance of mineral patents, and other functions relating to mining activity. During FY 1994, about 33,000 new mining claims were recorded, rent payments were made on 300,000 claims, 627 pending mineral patent applications require action, and about 2,550 notices/plans were processed. One of the Department's highest priorities was the enactment of legislation to reform the mining law through: abolition of patenting; fair payment to the taxpayer for minerals mined; and strengthening environmental requirements associated with mining and reclamation. While not all of these priorities were realized, the Department remains committed in FY 1995 to comprehensive mining law reform.
- Other Minerals Resources Management provides for leasing and supervision of other mineral resources such as geothermal, uranium, oil shale, potash, phosphate, and other leasable minerals on Public, Acquired, and Indian lands; and for managing and selling common variety mineral materials such as sand and gravel. In 1992, "Production Verification" in the mineral materials program was identified as a material management control

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

weakness due to insufficient field inspections and current appraisals. As a result, inspections on mineral material sites were increased over 50 percent. In FY 1994, 46 geothermal leases were issued; and 400 lease adjustments made; 8 non-energy leases were processed, 100 lease adjustments made, and 1,270 inspections were conducted; and 2,410 mineral material sales occurred, 45 non-exclusive use sites were designated, and 2,700 inspections were conducted. As a result of the increased efforts, production verification is no longer considered a material weakness by the Secretary of the Interior.

Lands and Realty Management

Lands and Realty Management provides support to BLM, other agency land management programs, state and local agencies, and realty services to meet public and industry demands.

- Lands, Realty, and Rights-of-Way Management includes the basic function of providing lands, realty, and rights-of-way services to the public, State and local governments, and other Federal agencies. These services include authorizing land uses on the Public Land, authorizing rights-of-way, adjusting land tenure, operating and maintaining the existing manual system of official Public Land records, and responding to public inquiries about Public Land status, use and availability. This program also involves reviewing, revoking, and processing withdrawal and classification actions for Public Land. The BLM identified a material management control weakness in the withdrawal review process, and BLM's lack of opening these lands to multiple uses. A schedule was developed and is being implemented to rectify this problem. In FY 1994, 2,998 right-of-way cases were processed, 2,026 rights-of-way were granted, and 1,270 leases, permits and easements were issued, 469 withdrawal review cases were processed, and 13 classifications were modified and terminated. As a result of the increased processing in FY 1994, the weakness is no longer considered a material management control weakness. During FY 1994, about 10,000 acres were exchanged with States and 150,000 acres with private entities, 37 cases of Desert Land Entries were processed, 3,228 acres of FLPMA land sales were conducted, 839 unauthorized land use cases were processed, and 112 R&PP lease/patents were issued. In FY 1994 the BLM reported that improvements in monitoring wind energy rights-of-way were needed to assure collection of rent and royalties due the government. Activities to assure collection of amounts owed are ongoing, with completion planned for FY 1996.
- Alaska Lands Management provides the special lands and realty functions for Federal lands in the State of Alaska. This program includes continuing the transfer of title for

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

large acreage to the State of Alaska and to Native corporations; processing Native allotments, land exchanges, and use authorizations; performing easement management, and other lands and realty work in support of natural resource programs in Alaska. In FY 1994, about 1,300,000 acres were patented to Native corporations, and 300,000 acres were conveyed to the State of Alaska.

Renewable Resources Management

Renewable Resources Management involves forest management outside of western Oregon; wild horse and burro management; rangeland management; soil, water and air management; wildlife habitat and fisheries management; and recreation management, including cultural resources and wilderness management. These activities provide for the stewardship, development, use, protection, and sustained yield management of natural resources on the Public Land.

- Forest Management provides direction for the management of 45 million acres of forest land outside of western Oregon. The program is responsible for the sale of all vegetative products from public lands including such diverse things as sawlogs, Christmas trees, cactus, poles, pine nuts, and mushrooms. In FY 1994, 55.0 million board feet of sawlogs and other vegetative products with an estimated value of about \$7,900 were awarded to purchasers. About 1,238 acres were reforested and 665 acres received density control treatment. The sawlog volume offered was considerably below previous years as a result of the spotted owl and salmon issues in the Pacific northwest. The Forest Ecosystem Health and Recovery Fund (FEHRF) played an active role in the salvage of insect, disease, wind, and fire damaged timber. This fund allows for use of a portion of receipts from sale of salvage timber to preparation salvage sales and reforest damaged timber lands. New program goals and direction were recently outlined in a publication titled "FORESTS: Our Growing Legacy" stressing an ecosystem approach to forest management.
- Wild Horse and Burro Management ensures maintaining viable populations of healthy, free-roaming wild horses and burros in balance with available Public Land resources. Emphasis has been placed on determining appropriate wild horse and burro population levels, on-the-ground herd management, and on adjusting wild horse and burro populations through fertility efforts to appropriate management levels. In FY 1994, BLM removed 9,200 wild horses and burros from Public Land, and effected the adoption of approximately 8,870 animals to qualified applicants through our adoption program.

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

- Rangeland Management provides for management and administration of livestock grazing on Public Land under the principles of multiple-use and sustained yield. The program emphasizes management of vegetative resources including riparian areas, rangeland monitoring, range use supervision, and preparation and implementation of Allotment Management Plans (AMPs). Land Use Planning and the development of AMPs are the primary instrument used to meet the goals and objectives established in BLM's Range of Our Vision Strategy. In 1994, 28,200 livestock leases/permits were issued and 5,875 allotments were monitored. In addition, 325 projects were developed, 300 projects were maintained, and about 14,500 acres of weed control were accomplished. A major reform effort, to develop new grazing regulations and supporting Environmental Impact Statement (EIS), continued in FY 1994. Rangeland monitoring was reported as a material management control weakness in FY 1992. Improvements in rangeland monitoring, in conjunction with on-going range reform efforts, will provide the basis for correcting this weakness.
- Soil, Water, and Air Management includes functions such as improving and enhancing wetlands and riparian areas; conducting soil surveys; improving water quality through land treatment or development of facilities; maintaining watershed management structures and facilities; documenting and applying for water rights for Public Land uses; and gathering soil, water and air quality data necessary to make sound resource management decisions, and to support research on global climate change factors. The FY 1994 program emphasized implementation of BLM's Riparian-Wetland Initiative. In addition, 5,000,000 acres of watershed assessment, 3,050 water right applications were filed with the appropriate State agencies, and 325 watershed improvement projects were completed.
- Wildlife Habitat and Fisheries Management includes efforts to protect, manage, and improve fish and wildlife habitats for all species which are totally or partially dependent on the Public Land; cooperative management with other Federal and State wildlife agencies responsible for species management; habitat protection and management for threatened and endangered plant and animal species; and protection and improvement of wetlands and riparian areas. The overall goal of the FY 1994 program was to support the objectives of BLM's Fish and Wildlife 2000 strategic plan. Also included within BLM's wildlife program is the responsibility for management of subsistence hunting on about 70 million acres of Public Land in Alaska. In support of these goals, 1,270 projects benefiting terrestrial species were maintained, 1,250,000 acres of habitat improvement and about 3.5 million acres of habitat inventory were performed. In addition, nearly 10 million acres of threatened or endangered species habitat were evaluated and 690 acres of threatened or endangered species habitat were restored.

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

Recreation Management

Recreation Management includes the activities that facilitate and manage the use of the Public Land for a wide variety of outdoor recreation purposes; protection, interpretation, and management of historic, archaeological, and paleontological sites; and wilderness and interim area management. Recreation Management includes the following elements:

- Cultural Resources Management focuses on protecting, interpreting, and managing cultural and paleontological resources on the Public Land. Emphasis in 1994 was on enhancing capabilities to comply with provisions of the Archeological Resources Protection Act, as amended, and on-site management. The BLM has implemented a challenge cost share program with cooperative universities, local governments, organizations and individuals to expand our resource management capabilities. The BLM's Heritage Education initiative continued in its second year of implementation to increase the awareness of cultural resources in America's youth. During FY 1994, 90,000 acres were inventoried, 290 permits were issued, 3,050 sites were managed, and 175 stabilization projects were conducted.
- Wilderness Management includes managing wilderness study areas and designated wilderness. In 1994, 67 wilderness areas were managed, and 26,554,000 acres of Wilderness Study Areas received interim protection. At the close of the 103rd Congress, the California Desert Protection Act of 1994 was enacted. An additional 69 wilderness areas, encompassing 3.7 million acres, were designated for management by the BLM.
- Recreation Resources Management concentrates on continuing the implementation of BLM's Recreation 2000 strategic plan. This plan focuses management on heavily used areas, as well as providing for a greater diversity of recreational opportunities on Public Land. Emphasis in 1994 was on visitor services, resource protection, use management, and plan preparation for special management areas. During FY 1994, 134,900 recreation use permits were issued, 115 activity plans were completed, and 274 recreation projects were completed. Recreation fees that are collected and appropriated to BLM were used for operation and maintenance of fee-generating recreation facilities.

Resource Management Planning

Resource Management Planning are BLM's process for providing a basis for land use and resource allocation decisions on energy and mineral production, renewable resources management, lands and realty actions, and supporting activities, as well as for resolving conflicts

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

in use, such as development of natural or cultural resources, environmental protection, or consumptive versus non-consumptive uses. During FY 1994, 15 resource management plans were revised or completed.

Information and Resource Data Management

Information and Resource Data Management provides for operating BLM automated systems to support management of the Public Land and other Federal lands and resources for which the BLM has responsibility or involvement, including the Automated Land and Mineral Records System (ALMRS); managing existing ADP and data information systems; and giving technical support to field offices. There are many automated systems within the BLM that provide programs and managers with information for storing, analyzing, and retrieving data for making sound resource decisions, and for ensuring compliance with laws and regulations.

Resource Protection and Maintenance

Resource Protection and Maintenance includes cadastral surveying in both Alaska and the contiguous 48 states; resource protection and law enforcement; facilities maintenance for buildings, roads, and recreation sites; and hazardous materials management on Public Land.

- Cadastral survey has national responsibility for legal identification of all Federal land boundaries and the maintenance of the Public Land Survey System. It is also a major component of the Alaska land conveyance program. Emphasis in the BLM in FY 1994 was placed on the support of land and realty actions and boundary surveys of various special land management designations such as wilderness, wild and scenic river designations, National Conservation Areas, etc. In FY 1994, approximately 5,600 miles of cadastral survey was accomplished.
- Law Enforcement and Resource Protection in BLM concentrates on mission essential programs, such as resource protection, assuring public health and safety, and drug control efforts that have direct impact on Public Land. In FY 1994, 4,600 investigations and enforcement actions were conducted.
- Facilities maintenance is a revitalized program to provide for maintaining BLM facilities at a more adequate level. At present the BLM is responsible for maintaining 2,415 buildings, 1,150 recreation sites, and 59,600 miles of road used not only by BLM, but also by the public, and other agencies. The maintenance infrastructure needs are being managed and tracked through the Facilities Inventory Maintenance Management System (FIMMS). Deferred maintenance of \$ 341,000 has been identified, and \$ 39,000 has been requested in the President's FY 1995 Budget Request to begin maintenance improvements.

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

- Hazardous materials program objectives are to assure: protection of the public health and safety relative to uses or activities on the Public Land; protection of Public Land natural resources and the environment from the effects of hazardous materials or wastes; compliance with applicable Federal and State hazardous materials and related laws; and minimization of current and future hazardous materials related liabilities and costs to the Federal government. In FY 1994, 117 emergency response actions were taken, 39 site cleanups were accomplished by BLM, work was accomplished on 28 ongoing site cleanups, 95 site cleanups were accomplished by potentially responsible parties, and 37 site cleanups were accomplished in cooperation with the states.

Fire Protection

This account was established in FY 1990 to fund all aspects of the Interior Department's fire fighting mission. However, beginning in FY 1992, Congress separated out emergency firefighting costs from this account, and it now funds only the non-emergency, predictable portion of the Department's firefighting program. This account provides funding for the fire protection (Program Management and Presuppression) programs of the BLM, National Park Service (NPS), Fish and Wildlife Service (FWS), and Bureau of Indian Affairs (BIA). Funds from this account are made available by allocation from BLM to the other Interior bureaus for their use in conducting their fire programs according to their fire management plans and policies.

In FY 1994, BLM provided wild fire protection for property and natural resources on 270 million acres of Public Land. BLM maintained and operated the National Interagency Fire Center at Boise, Idaho, and the Alaska Fire Service at Fairbanks, Alaska. Among the equipment used were firefighting trucks, helicopters, and airplanes. The BLM also maintained seasonal initial attack fire stations, weather stations, automatic lightning detection systems, lookouts, fire dispatch offices and logistical facilities.

Emergency Department of the Interior Firefighting

This account funds the emergency or unpredictable aspects of the Interior Department's firefighting. It provides funding for Wildfire Suppression and Emergency Rehabilitation programs of the BLM, NPS, and BIA. The funds from this account are administered by BLM for the Department wide program. Funds from this account are made available by allocation from BLM to the other Interior bureaus for their use in conducting emergency wildfire suppression and emergency rehabilitation.

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

Oregon and California Grant Lands

The Oregon and California (O&C) Grant Lands appropriation provides for the management of the revested Oregon and California Railroad Grant Lands, and the reconveyed Coos Bay Wagon Road (CBWR) Grant Lands for permanent forest production under the principle of sustained yield, as mandated by the O&C Act of 1937 (43 U.S.C. 1181). Intermingled Public Domain lands which are managed for forest production under the principle of sustained yield and multiple-use under the provisions of Federal Land Policy and Management Act of 1976 (FLPMA) are also included in this appropriation. Programs conducted on certain additional O&C lands (492,399 acres) within National Forests are managed and funded by the U.S. Forest Service.

The goals of the BLM management program for western Oregon are: to maintain and enhance biological diversity and sustained resource production; to provide a permanent supply of timber; to protect and enhance watersheds, fish and wildlife habitat; to provide recreational opportunities; and to contribute to the economic stability of local communities.

The following major activities are financed by this appropriation:

- **Western Oregon Resources Management:** Provides for the management of 2.4 million acres of land in western Oregon. These lands support a number of resource management activities, including timber harvesting, grazing, critical watersheds, wildlife habitat and fisheries, recreation, and cultural resources. The court injunctions resulting from the Northern Spotted Owl controversy were lifted with the Administration's adoption of Option #9 which provides for limited logging consistent with Spotted Owl protection. In FY 1994, only 18 million board feet were sold. The new resource management plans (RMP's) implementing Option #9 set an allowable harvest level of 211 million board feet.
- **Western Oregon Information and Resource Data Systems:** Provides for the acquisition, operation and maintenance of the automated data support systems required for the management of the O&C programs.
- **Western Oregon Facilities Maintenance:** Provides for maintenance of office buildings, warehouse and storage structures, shops, greenhouses, recreation sites and the transportation system necessary for the management of the lands in western Oregon.
- **Western Oregon Construction and Acquisition:** Provides for the acquisition of road easements and road use agreements for timber site access, and for other resource management activities; transportation planning, survey and design of access, and other resource management roads; several construction projects on BLM lands in western Oregon; and rock aggregate used in the construction of access roads.

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

Range Improvements

The Range Improvements appropriation is derived from a portion of grazing fees and certain mineral leasing receipts collected during the previous year. Fifty percent of the grazing fees from the Public Land and Bankhead-Jones Farm Tenant Act Land and mineral leasing receipts from the Farm Tenant Act Lands are available for appropriation. When appropriated, these funds are used for planning and constructing physical improvements, and for implementing practices or treatments to rehabilitate, protect, and improve the public rangelands. In FY 1994, 724 structural developments and 90,000 acres of land and vegetative treatments were completed, and 9,400 acres of weed control were accomplished.

Service Charges, Deposits, and Forfeitures

This appropriation finances BLM's costs of performing specific actions initiated by applicants from deposits of funds and payments of fees as established pursuant to the FLPMA. It provides some management flexibility in responding to externally initiated applications, and ensures the immediate availability of funds for public demand work, such as rights-of-way (ROW) processing and copying official records. Flexibility and fund availability are particularly important, given the unpredictability of the level of demand, timing, and other factors associated with these actions.

Funds were deposited for the processing of ROW applications and the monitoring of construction and operations for 92 major ROW projects, including oil and gas pipelines, electric and other transmission lines, power plants, and water delivery systems. BLM costs of processing and monitoring small ROW projects are included in this appropriation, and are recovered through a fee schedule.

A portion of the costs associated with the adopt-a-horse program, costs for rehabilitation of damaged lands and facilities, costs for processing specified categories of realty cases, costs of slash burning with deposits received from timber contractors, and the costs of production, research time, and administrative services involved in providing copies of official public land records and documents requested by the public are also funded by fees collected in this account.

Investments in Land and Structures

Major contributing programs include the BLM's land acquisition program and the construction and access program.

BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)

Construction projects are designed to enhance multiple-use management of Public Land by correcting public health and safety problems, enhancing resource dependent recreation; meeting management commitments for Congressionally-designated areas; providing access for the physically challenged; improving fee collection capability at developed recreation sites; providing facilities including survey and design; and to enable BLM employees to administer programs on Public Land in an efficient manner. In FY 1994, BLM received \$9,100 to work on new projects. Much of this funding will carry over into subsequent fiscal years.

Access to Public Land for public use and proper management is achieved by the acquisition of legal rights (easements for road and trail access) on non-Federal lands. Principally, BLM acquires access to areas that are essential to implement planned BLM resource management programs which are determined to be valuable for public resources such as forest products, minerals, or potentially high recreation uses areas; and national trail systems, wilderness or wilderness study areas, and wild and scenic rivers, etc. In FY 1994, 140 easements were acquired.

The Land and Water Conservation Fund provides funding for acquisition of lands or waters, or interests therein, essential to improve the manageability of the Public Land and to process or make equalization payments for land exchanges in response to specific Acts of Congress.

BLM land acquisition priorities are based on providing adequate resource management, as well as meeting the objectives of enhancing recreation, protecting critical natural resources, including wetlands/riparian areas, and crucial wildlife habitat for threatened and endangered species.

Payments in Lieu of Taxes

This appropriation provides for Payments in Lieu of Taxes (PILT) under the authority of 31 U.S.C. 6901-07, to counties and other units of general local government for lands located within their boundaries which are administered by BLM, the Forest Service, the National Park Service, and certain other Federal agencies. The law provides for payment of 75 cents per acre, reduced by payments made under certain other revenue sharing programs such as the Mineral Leasing Act and the National Forest Revenue Act; or a payment of 10 cents per acre, whichever is greater. However, the payment to each recipient may not exceed a statutory ceiling based on population.

Additional payments are specified for lands acquired after December 31, 1970, as additions to the National Park System or National Forest Wilderness Areas, and for any land or interests in lands owned by the Government in the Redwood National Park, or acquired in the Lake Tahoe Basin under the Act of December 23, 1980 (P.L. 96-586).

**BUREAU OF LAND MANAGEMENT
BUDGET PERFORMANCE RESULTS
(Dollars in Thousands)**

In FY 1994, \$103,924 was distributed to counties as PILT.

Miscellaneous Permanent and Trust Accounts

The majority of the miscellaneous permanent appropriations provide for sharing of receipts collected from the sale, lease, or use of the Public Land and resources with States and counties. BLM distributes these funds in accordance with the provisions of the various laws that specify the percentages to be paid to the applicable recipient jurisdictions and, in some cases, how the States and counties must use these funds.

The permanent appropriation of road maintenance fees collected from commercial users on BLM roads provides for BLM maintenance of these roads in lieu of user maintenance. This fee is normally applicable to roads subject to heavy, continuous use involving several users at a time, such as mainline timber access roads in western Oregon.

The Land and Resource Management Trust Fund monies are contributed by private entities or non-Federal organizations for:

- 1) resource development, protection and management;
- 2) conveyance of lands omitted in original surveys; and
- 3) for public surveys requested by individuals and surveys of omitted lands.

BLM also received contributions for rangeland improvements, public surveys and other purposes. Alaska Townsite Trustee funds are monies derived from the sale of Alaska town lots to non-natives, and are available to cover the expenses of the sale and maintenance of townsites.

Performance Measurement

The BLM is currently developing a strategic plan in coordination with the Office of the Secretary, the Department of the Interior and the Office of Management and Budget to provide a long-term framework for incorporating performance measurement within the budget process of the BLM, ecosystem management strategies and the legal requirements of the Government Performance and Results Act and the Chief Financial Officers Act. In the sections discussing the programs of the BLM a variety of program outputs are provided. These outputs are not considered representative performance measures or indicators the BLM may use to report performance in future periods. They are included to provide a better understanding of the nature of BLM programs and to facilitate comparison to outputs contained in our FY 1993 Financial Report.

Contingent Liabilities

Information

Section D

Financial Results

BUREAU OF LAND MANAGEMENT
FINANCIAL RESULTS OF THE BLM
(Dollars in Thousands)

Introduction:

The Financial Report and accompanying Statements of the BLM for FY 1994 have been prepared to represent the financial position and results of the BLM pursuant to the requirements of the Chief Financial Officers Act of 1990. While the statements have been prepared from the books and records of the BLM in accordance with the guidance provided by the Office of Management and Budget, the statements differ from financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

Financial resources other than those directly appropriated by the Congress are used by the BLM in carrying out the mission of the BLM and in attaining program performance. These resources include transfers of funds from other Federal agencies; reimbursements earned through work performed for other Federal agencies and the public; and non-budgetary resources such as decreases in inventories purchased in prior periods. Certain unfunded costs of operation such as depreciation expenses which are not recognized in the financial reports used to control budgetary resources are included to provide a more comprehensive view of BLM operating costs. Additionally, some funds are appropriated to the BLM but are intended for use by other agencies (such as funds for fire protection and emergency fire fighting). Consequently, these non-material amounts are transferred to other entities and are not included within the financial resources for this financial statement and report.

The Financial Report and Statements of the BLM should be read also with the realization that they are for a component of a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without enactment of an appropriation, and that payment for all liabilities other than for contracts can be abrogated by the sovereign entity.

The financial results of the BLM differ from financial results as measured by private sector or similar organizations. As a governmental entity the BLM is responsible for the stewardship of our Public Land which is to be managed in a manner to serve the needs of the American people for all times. Financial results should be viewed within this broad context. Changes in financial results are insufficient to measure the performance of the BLM without consideration of the outcomes and outputs of the BLM and its programs.

The BLM views its financial results within the broad framework of 1) environmental responsibility, scientific technology, and sustained yields from our nation's resources which produce a fair return for use, and 2) effective and efficient management of BLM programs. The following analysis provides information on the financial results set forth within this framework.

BUREAU OF LAND MANAGEMENT
FINANCIAL RESULTS OF THE BLM
(Dollars in Thousands)

Contingent Liabilities

Claims on government resources which are likely to arise in future periods are considered contingent liabilities. In the opinion of the management of the BLM, the resolution of hazardous waste contingent liabilities may materially affect the financial results of the BLM in future reporting periods.

As part of its responsibility to manage the Public Land, the BLM is potentially responsible for clean-up of hazardous material sites or disposal facilities on the Public Land and for proper management and tracking of all hazardous wastes resulting from operations on the Public Land. Additionally, the BLM is potentially responsible for clean-up of hazardous waste storage sites to which it shipped hazardous wastes, if the owners and operators are unable to effect clean-up. Several sites to which the BLM has shipped hazardous wastes are in bankruptcy. It is not clear if the BLM will share responsibility for the clean-up costs of these bankrupt sites.

In our FY 1993 Financial Report, the BLM estimated that the costs of hazardous waste clean-up contingent liabilities could exceed \$1,000,000. Our current estimate remains unchanged. The management of the BLM seeks to limit its exposure to hazardous waste contingent liabilities by 1) minimizing the waste generated by the BLM, 2) limiting the number of sites to which waste will be shipped, and 3) auditing the financial condition and environmental performance of each facility to which waste is shipped. Due to the difficulty of estimating reliably the future costs to be incurred, no estimate for hazardous waste contingent liabilities is included in the financial statements of the BLM. Additional information on accounting for contingent liabilities is contained in Note 16 to the Principal Financial Statements.

Renewal of Public Land Improvements

Expenses which should have been incurred in prior periods to maintain the utility of BLM assets represent deferred maintenance. In meeting its responsibilities to the American people, the BLM acquires or constructs infrastructure improvements on the Public Land. These improvements consist of buildings, water and sewer systems, recreational facilities, and transportation systems of roads and bridges on the Public Land. These assets are necessary for a variety of uses of the Public Land, including recreation, administration of the lands by the BLM, and revenue generation. At present, the BLM estimates a maintenance backlog of \$348,000 which represents deferred maintenance on these public land infrastructure assets, an increase of \$41,000 from FY 1993.

During FY 1994, Interior's Office of the Inspector General found that the BLM had progressed in its efforts to improve facilities maintenance on the public lands. The BLM re-

BUREAU OF LAND MANAGEMENT
FINANCIAL RESULTS OF THE BLM
(Dollars in Thousands)

cently completed implementation of an automated maintenance management system to provide better information on the maintenance status of facilities administered by the BLM. Although progress was made, the Office of the Inspector General recommended that the BLM make additional progress by implementing improved fund control procedures to ensure that funds allocated for maintenance and repair of facilities are used as planned, and are directed to satisfying priority maintenance needs. The BLM has agreed to complete these improvements by September 30, 1995.

Since the bulk of public land improvements are not held for sale or for the generation of revenue, any impairments in the value of individual assets are not considered significant by the management of the BLM in measuring the financial results of the BLM. Public land improvements are held principally for use by the public or the BLM. To maintain the utility of these assets, the BLM has requested an additional \$38,821 in the President's FY 1995 Budget Request as part of the Investment in Natural Resources Initiative. The management of the BLM believes that although increased maintenance would benefit public land improvements, the system of assets, taken as a whole, is maintained in a state of repair that permits use and management of the Public Lands.

Accounting and Valuation of Public Land Improvements

Non-conformance with accounting standards for real property has been noted annually by the BLM since 1988 in its review of accounting systems required by Section 4 of the Federal Manager's Financial Integrity Act. This non-conformance is not considered a material control weakness by the management of the BLM since the types of real property improvements administered by the BLM are generally not susceptible to waste, fraud, or abuse.

The bulk of the real property assets administered by the BLM consists of the public lands. The proposed exposure draft of the Federal Accounting Standards Advisory Board indicates that valuation of certain categories of real property assets, such as the public lands, will not be required. This accounting standard proposal, if enacted, is expected to facilitate compliance with government wide accounting standards.

The need for continuing improvement in accounting guidance was recognized by the Vice-President's National Performance Review with a recommendation that a comprehensive set of accounting standards be issued to guide Federal agencies. The BLM believes that an accounting model which focuses on the need to renew the system of public land improvements so as to maintain the utility of the public lands could permit more effective communication of the BLM's performance in meeting its stewardship responsibilities. Note 1(H) to the Principal Financial Statements provides additional information on the accounting principles applied currently to BLM real property improvements.

BUREAU OF LAND MANAGEMENT
FINANCIAL RESULTS OF THE BLM
(Dollars in Thousands)

To better identify the causes of differences between the general ledger real property control balances and the supporting real property inventory records, and to prepare for the issuance of revised accounting standards, the BLM has established a real property working group. Areas to be addressed include easements; range improvements such as water tanks and fences; acquired lands; buildings and other structures; and roads and bridges.

Public Land Receipts and Financing of the BLM

In FY 1994, the BLM collected gross receipts of \$146,075 of which \$124,912 (86 percent) was transferred to the United States Treasury or other Federal Agencies. The amount transferred represents principally public land receipts such as sales of timber which are not available for use by the BLM in conducting its operations and accordingly not considered a financing source of BLM programs. These receipts are distributed in accordance with the statutes authorizing collection, including those amounts distributed to States and local governments. The amounts retained are generally made available to the BLM as appropriations to fund its operations. The following table compares FY 1994 and FY 1993 gross receipts.

	FY 1994	FY 1993
Gross Receipts	\$146,075	\$252,886
Less Receipts Transferred	<u>124,912</u>	<u>231,677</u>
Receipts Retained	<u>\$ 21,163</u>	<u>\$ 21,209</u>

For FY 1994, the operating expenses of the BLM were financed principally through appropriations of \$964,714, revenues earned from the provision of goods and services of \$29,243, and donations to BLM trust funds of \$9,297. The following table provides a comparison of the FY 1994 and FY 1993 Principal Financing Sources.

	FY 1994	FY 1993
Appropriated Capital Used	\$ 964,714	\$920,395
Sales to the Public	1,188	1,965
Sales to Other Agencies	28,055	38,597
Donations	<u>9,297</u>	<u>8,867</u>
Total Financing Sources and Revenues	<u>\$1,003,254</u>	<u>\$969,824</u>

The Combined Comparative Statements of Operations and Changes in Net Position provide additional information on the financing sources and operating expenses of the BLM.

U.S. Department of the Interior • Bureau of Land Management

BUREAU OF LAND MANAGEMENT
COMBINED COMPARATIVE STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)

	1994	1993
ASSETS:		
Entity Assets:		
Intragovernmental Assets:		
Fund Balances with Treasury(Note 2)	\$ 339,288	\$ 337,608
Accounts Receivable(Note 3)	32,146	6,222
Governmental Assets:		
Accounts Receivable, Net(Note 3)	1,408	2,082
Travel Advances	252	277
Cash in Imprest Funds	523	473
Operating Materials and Supplies(Note 4)	14,044	20,230
Inventory, Net(Note 5)	2,779	2,960
Property and Equipment, Net(Note 6)	<u>929,174</u>	<u>887,054</u>
Total Entity Assets	<u>1,319,614</u>	<u>1,256,906</u>
Non-Entity Assets:		
Intragovernmental Assets:		
Fund Balances with Treasury(Note 2)	164,462	164,055
Governmental Assets:		
Accounts Receivable Net(Note 3)	1,047	1,804
Unmatured Timber Sales Contracts(Note 7)	<u>54,887</u>	<u>86,650</u>
Total Non-Entity Assets	<u>220,396</u>	<u>252,509</u>
Total Assets(Note 8)	<u>\$1,540,010</u>	<u>\$1,509,415</u>

The accompanying notes are an integral part of these statements

1994

1993

LIABILITIES AND NET POSITION:

LIABILITIES:

Liabilities Covered by Budgetary Resources:

Intragovernmental Liabilities:

Accounts Payable	\$ 17,014	\$ 13,682
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Governmental Liabilities:

Accounts Payable(Note 9)	115,302	42,011
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Accrued Payroll and Benefits(Note 10)	19,971	17,993
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Undistributed Collections(Note 11)	86,913	127,521
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Deposit Funds(Note 12)	18,271	17,282
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Deferred Credits(Note 13)	55,449	87,371
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Total Liabilities Covered by Budgetary Resources	<u>312,920</u>	<u>305,860</u>
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Liabilities Not Covered by Budgetary Resources:

Intragovernmental Liabilities:

Workers and Unemployment Compensation Payable(Note 14)	7,893	6,622
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Governmental Liabilities:

Accrued Annual Leave(Note 15)	38,135	37,154
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Total Liabilities Not Covered by Budgetary Resources	<u>46,028</u>	<u>43,776</u>
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Contingent Liabilities(Note 16)

Total Liabilities	<u>358,948</u>	<u>349,636</u>
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NET POSITION:

Unexpended Appropriations(Note 17)	253,075	268,467
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Invested Capital	945,829	910,073
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Cumulative Results of Operations	18,939	17,685
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Donations	168	171
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Trust Fund Balances	9,079	7,159
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Future Funding Requirements	(46,028)	(43,776)
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Net Position	<u>1,181,062</u>	<u>1,159,779</u>
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Total Liabilities and Net Position	\$ <u>1,540,010</u>	\$ <u>1,509,415</u>
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BUREAU OF LAND MANAGEMENT
COMBINED COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)

	1994	1993
FINANCING SOURCES, REVENUES, AND COLLECTIONS:		
Financing Sources:		
Appropriated Capital Used	\$ 964,714	\$ 920,395
Revenues:		
Sales of Goods and Services – Public	1,188	1,965
Sales of Goods and Services – Intragovernmental	28,055	38,597
Gain (Loss) on Disposition of Assets	(110)	219
Trust Fund Revenue	9,297	8,867
Collections (Note 18):		
Gross Receipts	146,075	252,886
Less Receipts Transferred or to be Transferred to Treasury or Other Agencies	<u>(124,912)</u>	<u>(231,677)</u>
Total Financing Sources, Revenues, and Collections	<u>1,024,307</u>	<u>991,252</u>
EXPENSES:		
Operating Expenses (Note 19)	998,520	973,977
Cost of Goods Sold – Intragovernmental	2,445	2,547
Depreciation	17,608	10,718
Interest Expense	91	93
Unfunded Annual Leave	981	1,301
Unfunded Workers and Unemployment Compensation	<u>1,271</u>	<u>6,622</u>
Total Expenses	<u>1,020,916</u>	<u>995,258</u>
Excess (Shortage) of Financing Sources, Revenues, and Collections Over Total Expenses	\$ <u>3,391</u>	\$ <u>(4,006)</u>
CHANGES IN NET POSITION:		
Net Position, Beginning Balance	\$ 1,159,779	\$ 1,076,750
Excess (Shortage) of Financing Sources, Revenues, and Collections Over Total Expenses	3,391	(4,006)
Plus (Minus) Nonoperating Changes (Note 20)	<u>17,892</u>	<u>87,035</u>
Net Position, Ending Balance	<u>\$ 1,181,062</u>	<u>\$ 1,159,779</u>

The accompanying notes are an integral part of these statements.

**BUREAU OF LAND MANAGEMENT
COMBINED COMPARATIVE STATEMENTS OF
CASH FLOWS FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)**

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (Shortage) of Financing Sources, Revenues, and Collections Over Total Expenses	\$ <u>3,391</u>	\$ <u>(4,006)</u>
Adjustments Affecting Cash Flow:		
Appropriated Capital Used	(964,714)	(920,395)
Decrease (Increase) in Accounts Receivable	(24,493)	4,117
Decrease in Other Assets	38,104	121,843
Increase in Accounts Payable	76,624	5,186
Decrease in Other Liabilities	(69,563)	(197,394)
Loss (Gain) on Disposition of Assets	110	(219)
Depreciation	17,608	10,718
Unfunded Expenses	<u>2,252</u>	<u>7,923</u>
Total Adjustments	<u>(924,072)</u>	<u>(968,221)</u>
Net Cash (Used) by Operating Activities	<u>(920,681)</u>	<u>(972,227)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales of Property and Equipment	1,027	1,421
Purchases of Property and Equipment	<u>(60,882)</u>	<u>(48,213)</u>
Net Cash (Used) by Investing Activities	<u>(59,855)</u>	<u>(46,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Appropriations (Current Warrants)	1,093,663	1,104,693
Transfers of Cash from Others	24,750	9,238
Transfers of Cash to Others	(128,996)	(88,177)
Withdrawals	(6,623)	
Rescission of Budget Authority from Closed Fund	<u>(171)</u>	
Net Cash Provided by Financing Activities	<u>982,623</u>	<u>1,025,754</u>
Net Cash Provided by Operating, Investing, and Financing Activities	2,087	6,735
Fund Balances with Treasury, Beginning Balance	<u>501,663</u>	<u>494,928</u>
Fund Balances with Treasury, Ending Balance	<u>\$ 503,750</u>	<u>\$ 501,663</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Total Interest Paid	\$ 91	\$ 93

The accompanying notes are an integral part of these statements.

**BUREAU OF LAND MANAGEMENT
COMPARATIVE STATEMENTS OF
BUDGET AND ACTUAL EXPENSES FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)**

	1994		
	BUDGET		
	OBLIGATIONS		
FUND GROUP:	RESOURCES	DIRECT	REIMBURSED
Revolving Fund	\$ 30,639	\$ (784)	\$ 18,180
Trust Funds	15,772	8,417	
Appropriated Funds	<u>1,165,223</u>	<u>1,043,957</u>	<u>38,871</u>
Total	<u>\$1,211,634</u>	<u>\$1,051,590</u>	<u>\$ 57,051</u>

BUDGET RECONCILIATION:

Total Expenses

Add:

Capital Acquisitions

Increase (Decrease) in Inventory

Less:

Depreciation

Unfunded Expenses

Accrued Expenditures

Less Reimbursements

Accrued Expenditures, Direct

The accompanying notes are an integral part of these statements.

1993

<u>ACTUAL</u>		<u>BUDGET</u>		<u>ACTUAL</u>
		<u>OBLIGATIONS</u>		
<u>EXPENSES</u>	<u>RESOURCES</u>	<u>DIRECT</u>	<u>REIMBURSED</u>	<u>EXPENSES</u>
\$ 14,501	\$ 26,853	\$ (2,261)	\$ 17,558	\$ 13,977
6,197	14,539	8,434		7,328
<u>1,000,218</u>	<u>1,172,888</u>	<u>990,725</u>	<u>45,634</u>	<u>973,952</u>
<u>\$1,020,916</u>	<u>\$ 1,214,280</u>	<u>\$ 996,898</u>	<u>\$ 63,192</u>	<u>\$ 995,257</u>
 \$1,020,916				 \$ 995,257
60,882				48,213
(6,367)				4,944
(17,608)				(10,718)
<u>(2,252)</u>				<u>(7,923)</u>
1,055,571				1,029,773
<u>(51,432)</u>				<u>(63,192)</u>
<u>\$1,004,139</u>				<u>\$ 966,581</u>

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BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

These financial statements have been prepared to report the financial position and results of operation of the Bureau of Land Management (BLM), as required by the Chief Financial Officers Act of 1990. The combining financial statements present financial information by fund group (Section III). They have been prepared from the financial records of the BLM in accordance with the form and content of agency financial statements as specified by the Office of Management and Budget (OMB). The statements have been prepared in accordance with OMB Bulletin No. 94-01 and the BLM accounting policies which are summarized in this note. These statements are different from the financial reports submitted to OMB for purposes of monitoring and controlling the obligation and expenditure of budgetary resources.

B. Reporting Entity

The BLM, a Bureau of the Department of the Interior (DOI), was established on July 16, 1946, through the consolidation of the General Land Office and the Grazing Service in accordance with the provisions of Sections 402 and 403 of the President's Reorganization Plan No. 3 of 1946 (60 Stat. 1097). The functions of the BLM are set forth in Section 301 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1731).

The accompanying combined financial statements of the BLM include all appropriated funds, as well as all other funds for which financial records are maintained by the BLM. Financial records are maintained by fund types as described below:

1. General Funds: These funds consist of expenditure accounts used to record financial transactions arising from Congressional appropriations as well as receipt accounts. The principal general fund expenditure accounts maintained are:

- a. Management of Lands and Resources
- b. Fire Protection
- c. Emergency Department of the Interior Firefighting Fund
- d. Payments in Lieu of Taxes
- e. Oregon and California Grant Lands
- f. Special Acquisition of Lands and Minerals

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

2. Special Funds: The BLM maintains both special fund receipt accounts and special fund expenditure accounts. Collections made to special fund expenditure accounts are not considered revenue to the BLM, but are classified as appropriated capital. Collections made to special fund receipt accounts are earmarked by law for a specific purpose, but are not generated from a continuing cycle of operations. Receipts are deposited as collected. Funds deposited into special fund receipt accounts typically arise from sales of public lands and materials, sales of timber, fees and commissions, mineral leases, and other charges for services provided by the BLM to users of the public lands. Amounts deposited into special fund receipt accounts are subject to various distribution formulas as specified by law.

3. Revolving Fund: This fund is used to finance and manage a continuous cycle of business-type operations. The BLM maintains a Working Capital Fund (WCF) as a single administrative unit established to finance and account for services and commodities furnished to various program activities. The WCF was established in 1978 under Section 306 of the Federal Land Policy and Management Act of 1976 (Public Law 94-579) with an initial investment of \$2,000 in appropriated funds. Since that time, additional equity has been provided through intragovernmental transfers or donations of inventories, capital equipment, and other assets. Transfers or donations are made without reimbursement to the donating activity. All additional income to the WCF has been generated through charges to the BLM's programs or other government agencies. The services provided by the WCF include: financing of motor vehicles; stores; a sign shop; a Departmental forms center; and the collection and disbursement of receipts from surface management of the Naval Oil Shale Reserve under an October 2, 1987, memorandum of understanding with the Department of Energy. In addition, the WCF provides funding for travel advances and advances with imprest fund cashiers.

4. Trust Funds: The BLM maintains two trust accounts to carry out specific programs under trust agreements and statutes. The Land and Resource Management Trust Fund contains monies contributed by nonfederal organizations for resource development, protection, and management; conveyance of lands omitted in original surveys; and public surveys requested by individuals. The Alaska Townsite Trust Fund receives money from the sale of town lots to non-natives, and is available to cover the expenses of the sale and maintenance of townsites.

5. Deposit Funds: These funds are maintained to account for receipts awaiting proper classification or receipts held in escrow until ownership is established, when proper distribution can be made. Refer to Note 12.

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

C. Basis of Accounting

The BLM maintains its accounting records on both an accrual accounting basis and a budgetary accounting basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Collections received and transferred to others are accounted for as described in D., below. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. Significant interfund balances and transactions have been eliminated, with the exception of WCF transactions.

D. Financing Sources, Revenues and Collections

The BLM receives the majority of funding needed to support its programs through appropriations. The BLM receives annual, multiyear, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional amounts are obtained through reimbursements for services performed for other federal agencies.

All revenues (e.g., reimbursable agreements) are recognized when earned. These revenues may be used to offset the cost of producing products or furnishing services, and to recover the costs of overhead.

Collections are amounts which the BLM receives on behalf of others; the majority is either passed to the U.S. Department of the Treasury (Treasury), or distributed to other governmental agencies. Gross receipts are reported as cash is received, while amounts billed but not yet received are included in accounts receivable and undistributed collections respectively. Bad debt expenses relating to those receivables are not considered to be a BLM expense; they are charged against undistributed collections. Transfers of receipts to Treasury and others are reported on the accrual basis. That portion of the transfers that will not be disbursed until the subsequent fiscal year is also included in undistributed collections. Thus, the net position of BLM is not affected by these activities relating to collections, whether they be billings, bad debt expenses, or timing differences between the receipt of such collections and their subsequent disbursement.

E. Fund Balances with Treasury

The BLM does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by Treasury. Fund balances with Treasury include appropriated, revolving, and trust funds which are available to pay current liabilities and finance authorized

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

purchase commitments. Also included are various other receipt and expenditure funds. Cash balances held outside Treasury are not material. Further details on fund balances with Treasury are contained in Note 2.

F. Accounts Receivable

Accounts receivable consist of amounts owed to the BLM by other federal agencies or by the public. Amounts earned through provision of services to the public are not recognized as receivables until billed. Receivables from other federal agencies and certain state government agencies are recognized when the revenue is earned. The BLM recognizes bad debts arising from uncollectible accounts receivable by establishing an allowance for doubtful accounts based upon past experience in the collection of accounts receivable and analysis of outstanding balances. See Note 3 for additional information concerning accounts receivable.

G. Inventory and Operating Materials and Supplies

The BLM's inventory and operating materials and supplies consist of materials and supplies that will be consumed in future operations. Inventories and operating materials and supplies on hand are stated at cost using the average cost method.

The BLM's inventory is not held for sale, nor is any of the inventory or operating materials and supplies balance held in reserve for future use or sale. There is no excess, obsolete, or unserviceable inventory or operating materials and supplies, nor is there any inventory held for repair. The BLM does not hold any other related property including forfeited property, foreclosed property, seized property, commodities, or stockpile materials. Notes 4 and 5 provide more information on the BLM's inventory and operating materials and supplies.

H. Property and Equipment

This category consists of acquired lands; structures, facilities and improvements; automated data processing (ADP) software; equipment and vehicles; roads, trails, and bridges; and construction in progress. Property and equipment assets are recorded at cost as follows:

1. Structures, facilities, and improvements are recorded at cost; depreciation is not recognized. Structures, such as buildings, which are used by the BLM but administered by the General Services Administration or other federal agencies, are not recognized as assets of the BLM.

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

2. Purchased ADP software is capitalized at cost if the acquisition cost is \$5 or more and the estimated useful life is two years or more. Internally developed software is not capitalized.
3. Equipment and vehicles are capitalized at cost if the acquisition cost is \$5 or more and the estimated useful life is two years or more.
4. Roads, trails, bridges, construction in progress, and acquired lands are capitalized at cost. Costs are accumulated in the construction in progress account for property under construction or being acquired in incremental stages until the property is completed or totally acquired. At that time, the property is transferred to the appropriate asset account.

No value has been assigned to the public domain lands since recording such lands at cost provides little meaningful information. In certain instances, public domain and other lands were acquired without recorded cost. No practical basis exists for efficiently establishing meaningful current values.

Depreciation for WCF vehicles and heavy equipment is recorded using the straight-line method, based upon useful lives ranging from two to twenty years with a twenty percent residual value. Depreciation for non-WCF equipment and purchased ADP software is based on useful lives of up to thirty years, with a residual value of ten percent. Depreciation is not recognized for structures, facilities, and other improvements, including roads, trails, and bridges. The basis for capitalization of donated property and equipment is the estimated fair market value.

Information on property and equipment values is found in Note 6.

I. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by the BLM as the result of transactions or events that have already occurred. However, no liability can be paid by the BLM absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as liabilities not covered by budgetary resources and there is no certainty that the appropriations will be enacted. Also, liabilities of the BLM arising from other than contracts can be abrogated by the Government, acting in its sovereign capacity.

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

J. Accrued Leave

Amounts associated with the payment of annual leave are accrued as leave is earned by employees, and this accrual is reduced as leave is taken. Each year the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to finance annual leave, future financing sources will be used.

Sick leave and other types of leave are expensed as taken because they are non-vesting in nature.

K. Contingent Liabilities

The BLM is a party to various administrative proceedings, legal actions, environmental suits, and claims brought by or against it. Contingent liabilities are recorded in the accounting records when the event potentially leading to the recognition of a liability is probable, and a reliable estimate of the scope of the potential liability is available. Further information on contingent liabilities is found in Note 16.

L. Retirement Plan

The majority of the BLM employees participate in the Civil Service Retirement System (CSRS), to which the BLM makes matching contributions. The BLM does not report CSRS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of the Office of Personnel Management.

On January 1, 1987, the Federal Employees Retirement System (FERS) became effective pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. FERS offers a savings plan to which the BLM automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. For most employees hired since December 31, 1983, the BLM also contributes the employer's matching share for Social Security.

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

M. Leases

The BLM has entered into some lease arrangements that potentially qualify as capital leases. However, the BLM has historically not considered lease arrangements for inclusion as assets. The amount of leases that could qualify as capital leases is not considered material.

N. Net Position

The components of Net Position are defined as follows:

1. Unexpended appropriations include undelivered orders and unobligated balances; the latter may include both available and unavailable amounts.
2. Invested capital and donations represent the net book value of the BLM's investment in inventory, operating materials and supplies, and property and equipment. Invested capital includes the purchased portion of these assets, less accumulated depreciation, plus or minus the value of capital assets transferred to or from other federal entities without reimbursement. Donations represent the fair market value of donated assets accepted from nonfederal sources.
3. Cumulative results of operations represents the difference between revenues and expenses (other than depreciation) in the WCF since its inception.
4. Trust fund balances include the unexpended portion of revenues received in the trust funds.
5. Future funding requirements consist of liabilities not covered by budgetary resources. These include accrued annual leave, and workers and unemployment compensation payable.

O. Comparative Data

Comparative data for the prior fiscal year is presented in order to provide an understanding of changes in the financial position and operations of the BLM.

The BLM's FY 1993 financial report presented data consistent with an option in OMB Bulletin No. 94-01. That same data is reformatted in this report to agree with the current presentation requirements of the Bulletin. These format changes occur mostly on the Statements of Financial Position.

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Some other changes from the FY 1993 financial report include the separation of inventory and operating materials and supplies to conform with the Federal Accounting Standards Advisory Board statement number 3. In addition, cash in imprest funds is shown separately from fund balances with Treasury.

Several items on the FY 1993 financial statements are restated for comparative purposes. These include an increase of \$1,236 in fund balances, and undistributed collections; and an increase of \$8,500 in operating material and supplies, and invested capital.

Bad debts and write-offs, previously treated as unfunded expenses, and shown as a separate line item, are now considered funded, and included with operating expenses. This also results in a restatement of unexpended appropriations, and future funding requirements.

Note 2 - Fund Balances with Treasury

U.S. Government cash is accounted for on an overall consolidated basis by Treasury. The balances shown on the Combined Statements of Financial Position represent the BLM's right to draw on Treasury for valid expenditures. The balances consist of general fund receipt accounts, general fund expenditure accounts, trust funds, revolving fund, special fund receipt accounts, special fund expenditure accounts, and deposit funds. Refer to Note 1(B).

Fund Balances with Treasury at September 30, 1994:

	Obligated	Unobligated		Total
		Available	Restricted	
Entity Assets:				
Appropriated Funds	\$204,158	\$101,470	\$ 5,267	\$310,895
Revolving Fund	5,773	13,243		19,016
Trust Funds	<u>2,023</u>	<u>7,354</u>		<u>9,377</u>
	211,954	122,067	5,267	339,288
Non-Entity Assets:				
Other Fund Types			<u>164,462</u>	<u>164,462</u>
Total Fund Balances	<u>\$211,954</u>	<u>\$122,067</u>	<u>\$169,729</u>	<u>\$503,750</u>

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Fund Balances with Treasury at September 30, 1993:

	Obligated	Unobligated		Total
		Available	Restricted	
Entity Assets:				
Appropriated Funds	\$156,497	\$149,228	\$ 6,794	\$312,519
Revolving Fund	6,039	11,556		17,595
Trust Funds	<u>1,390</u>	<u>6,104</u>		<u>7,494</u>
	163,926	166,888	6,794	337,608
Non-Entity Assets:				
Other Fund Types	<u> </u>	<u> </u>	<u>164,055</u>	<u>164,055</u>
Total Fund Balances	<u>\$163,926</u>	<u>\$166,888</u>	<u>\$170,849</u>	<u>\$501,663</u>

Note 3 - Accounts Receivable

Accounts receivable represent amounts owed to the BLM. Entity accounts receivable represent amounts owed to the BLM that the BLM has authority to use. Entity intragovernmental accounts receivable represent amounts due from other Federal agencies, while entity governmental accounts receivable represent amounts due from non-federal entities. Non-entity accounts receivable are amounts which are generated by the BLM's programs but are not available to the programs. The entire non-entity accounts receivable represent amounts due from non-federal entities.

Accounts Receivable at September 30, 1994:

	Entity		Non-Entity	Total
	Intra-	Governmental	Governmental	
	Governmental			
Accounts Receivable	\$32,146	\$3,004	\$4,735	\$39,885
Less Allowance				
for Doubtful Accounts	<u> </u>	<u>1,596</u>	<u>3,688</u>	<u>5,284</u>
Accounts Receivable, Net	<u>\$32,146</u>	<u>\$1,408</u>	<u>\$1,047</u>	<u>\$34,601</u>

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Accounts Receivable at September 30, 1993:

	<u>Entity</u>		<u>Non-Entity</u>	
	Intra- Governmental	Governmental	Governmental	Total
Accounts Receivable	\$6,222	\$3,405	\$7,802	\$17,429
Less Allowance for Doubtful Accounts	<u> </u>	<u>1,323</u>	<u>5,998</u>	<u>7,321</u>
Accounts Receivable, Net	<u>\$6,222</u>	<u>\$2,082</u>	<u>\$1,804</u>	<u>\$10,108</u>

The increase in intragovernmental accounts receivable resulted from a technical disagreement between OMB and Treasury regarding the availability of budget authority to disburse certain timber receipts to counties in the State of Oregon. To resolve the differing interpretation of Congressional intent, H.R. 5161 was enacted on October 5, 1994.

Note 4 - Operating Materials and Supplies

Operating materials and supplies consist mostly of fire related items purchased by the fire appropriation. The materials and supplies are held for use in connection with fire suppression and presuppression activities. They are valued using the average cost method.

Note 5 - Inventory, Net

The BLM's inventory consists of supplies and materials purchased by the WCF. The inventory is held for use in connection with the BLM's resource management programs. The inventory is also maintained in connection with the construction of signs, uniforms for employees, and the DOI forms function. Inventory is valued using the average cost method.

Inventory, Net at September 30:

	1994	1993
Inventory	\$2,957	\$3,156
Less Allowance for Loss on Inventory	<u>178</u>	<u>196</u>
Inventory, Net	<u>\$2,779</u>	<u>\$2,960</u>

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Note 6 - Property and Equipment, Net

Property and Equipment, Net at September 30, 1994:

	Acquisition Value	Accumulated Depreciation	Net Book Value
Acquired Land	\$ 59,486	\$	\$ 59,486
Structures, Facilities, and Improvements	166,956		166,956
ADP Software	1,473	430	1,043
Equipment and Vehicles	167,474	82,183	85,291
Roads, Trails, and Bridges	506,450		506,450
Construction in Progress	<u>109,948</u>	<u></u>	<u>109,948</u>
Total	<u>\$1,011,787</u>	<u>\$ 82,613</u>	<u>\$929,174</u>

Property and Equipment, Net at September 30, 1993:

	Acquisition Value	Accumulated Depreciation	Net Book Value
Acquired Land	\$ 58,650	\$	\$ 58,650
Structures, Facilities, and Improvements	162,071		162,071
ADP Software	909	258	651
Equipment and Vehicles	152,918	71,383	81,535
Roads, Trails, and Bridges	506,353		506,353
Construction in Progress	<u>77,794</u>	<u></u>	<u>77,794</u>
Total	<u>\$ 958,695</u>	<u>\$71,641</u>	<u>\$887,054</u>

Depreciation is recorded using the straight line method over a period of two to thirty years. Capitalization criteria are discussed in Note 1(H).

The backlog of maintenance and repair on lands managed by the BLM was approximately \$348,000 at September 30, 1994; it was approximately \$307,000 at September 30, 1993.

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Note 7 - Unmatured Timber Sales Contracts

Unmatured timber sales contracts represent the obligation and the right of contractors to cut specific quantities of timber within a defined time period at a set price. These contracts represent future revenue to the U.S. Government which will materialize in future accounting periods as contracts are fulfilled by the cutting of timber. Unmatured timber sales contracts decreased by \$31,763 during FY 1994. The unmatured balance has decreased over the last few years because new contracts have not been released. This is due to measures taken to provide an appropriate level of protection for the Northern Spotted Owl. As a result, cutting is allowed on existing contracts, but new contracts for cutting are prohibited. Also see Note 13.

Note 8 - Total Assets

For financial reporting purposes, the BLM has not recognized the value of negotiable securities or certificates of deposit pledged to guarantee performance of contracts. These instruments are accepted in lieu of bond coverage in the following programs: solid or fluid energy minerals extraction (oil, gas, coal, etc.); rights-of-way on the public or other lands; and certain contracts (performance bonds). Interest earned is paid to the owner of the security or certificate of deposit and is not available to the BLM. At September 30, 1994, the value of these securities was \$7,340; at September 30, 1993, the value was \$4,816. Since these assets are not available to the BLM unless a customer defaults on an agreement, they are not recognized as assets or liabilities of the BLM.

Note 9 - Accounts Payable

The majority of the increase in governmental accounts payable is represented by the balance of timber receipts due certain counties in the State of Oregon, which were not yet paid as of September 30, 1994.

Note 10 - Accrued Payroll and Benefits

A liability is recognized for the salaries and benefits earned by employees but not yet paid at the close of the fiscal year. As of September 30, 1994, accrued payroll liabilities were \$19,971, primarily representing ten days of earned but unpaid compensation for the BLM's workforce. As of September 30, 1993, accrued payroll liabilities were \$17,993, primarily for nine days of earned but unpaid compensation.

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Note 11 - Undistributed Collections

Undistributed collections represent amounts collected into unavailable special receipt funds that have not yet been transferred to other funds.

Note 12 - Deposit Funds

The BLM processes collections from various sources for activities related to public land administration. At any time the BLM may have collections which have not been specifically classified. These amounts are placed in suspense pending further classification or resolution.

Note 13 - Deferred Credits

Deferred credits consist of unmatured timber sales contracts and special fund billed amounts. Unmatured timber sales contracts are described in Note 7. Special fund billed amounts are a combination of advance bills for anticipated obligations, as well as actual bills for obligations already incurred.

Deferred Credits at September 30:

	1994	1993
Unmatured Timber Sales Contracts	\$54,887	\$86,650
Special Fund Billed Amounts	<u>562</u>	<u>721</u>
Total Deferred Credits	<u>\$55,449</u>	<u>\$87,371</u>

Note 14 - Workers and Unemployment Compensation Payable

Workers and unemployment compensation payable represents the Department of Labor estimate of these liabilities.

Workers and Unemployment Compensation Payable at September 30:

	1994	1993
Workers Compensation Payable	\$6,686	\$6,087
Unemployment Compensation Payable	<u>1,207</u>	<u>535</u>
Total	<u>\$7,893</u>	<u>\$6,622</u>

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Note 15 - Accrued Annual Leave

The BLM allocates annual leave not covered by budgetary resources to the two funds with the most planned labor activity. The accrual is updated annually based on actual labor hours and current pay rates.

Note 16 - Contingent Liabilities

The BLM has certain contingent liabilities that may eventually result in the payment of substantial monetary claims to third parties, or in the unplanned reallocation of material budgetary resources to pay for the cleanup of hazardous materials treatment, storage, or disposal facilities. Also, the Federal Facilities Compliance Act of 1992 makes it possible for state and local governments to impose fines and assess penalties against federal agencies found not to be in compliance with environmental laws. No amounts have been recorded in the financial statements to reflect such potential liabilities because comprehensive reliable estimates are not available.

In addition to the exposure to hazardous waste related contingent liabilities, the BLM is also a party to a number of lawsuits where the plaintiff is seeking monetary damages. In the opinion of BLM management, after consultation with the DOI Office of the Solicitor, such lawsuits or other claims will not materially affect the future financial condition of the BLM.

Note 17 - Unexpended Appropriations

Unexpended Appropriations at September 30:

	1994	1993
Unobligated, Available	\$106,735	\$156,022
Undelivered Orders	<u>146,340</u>	<u>112,445</u>
Total Unexpended Appropriations	<u>\$253,075</u>	<u>\$268,467</u>

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands) .

Note 18 - Collections

Collections for FY 1994 and FY 1993:

	1994	1993
Gross Receipts	\$146,075	\$252,886
Less:		
Receipts Collected to Unavailable Special Funds	<u>124,912</u>	<u>231,677</u>
Mining Law Receipts Retained by the BLM	<u>\$ 21,163</u>	<u>\$ 21,209</u>

Amounts collected into the unavailable special fund receipt accounts are not available for use by the BLM except by appropriation or other statutory authority. The receipts have been or will be transferred to Treasury or other agencies. Amounts retained by the BLM, or returned by appropriation, in FY 1994 and FY 1993 were \$13,612 and \$16,674, respectively.

Note 19 - Operating Expenses

Operating Expenses by Object Classification:

	1994	1993
Personal Services and Benefits	\$532,846	\$501,039
Travel and Transportation	44,591	43,330
Rental, Communication, and Utilities	58,204	47,305
Printing and Reproduction	3,371	3,837
Contractual Services	177,919	152,123
Supplies and Materials	38,504	37,652
Equipment not Capitalized	13,413	16,850
Grants, Subsidies, and Contributions	<u>125,735</u>	<u>179,841</u>
Subtotal	994,583	981,977
Post-Closing Adjustments, Net	<u>3,937</u>	<u>(8,000)</u>
Total Operating Expenses	<u>\$998,520</u>	<u>\$973,977</u>

BUREAU OF LAND MANAGEMENT
NOTES TO PRINCIPAL FINANCIAL STATEMENTS
(Dollars in Thousands)

Operating Expenses by Fund:

	1994	1993
Management of Lands and Resources	\$569,012	\$549,129
Payments in Lieu of Taxes	99,991	103,578
Oregon and California Grant Lands	83,406	84,978
Other Appropriated Funds	<u>233,276</u>	<u>222,842</u>
Subtotal, Appropriated Funds	985,685	960,527
Trust Funds	6,196	7,326
Revolving Fund	<u>6,639</u>	<u>6,124</u>
Total Operating Expenses	<u>\$998,520</u>	<u>\$973,977</u>

Management of Lands and Resources was restated for FY 1993 to include the no year portion of the fund, which was previously reported with Other Appropriated Funds.

Note 20 - Nonoperating Changes

Nonoperating Changes for FY 1994 and FY 1993:

	1994	1993
Appropriated Funds:		
Increase (Decrease) in:		
Operating Materials and Supplies	\$ (6,186)	\$ 5,399
Property and Equipment	40,844	36,161
Unexpended Appropriations	(15,391)	64,481
Property Write Down		(19,625)
Property and Equipment Dispositions	<u>(1,663)</u>	<u> </u>
Net Increase, Appropriated Funds	17,604	86,416
Revolving Fund:		
Net Noncash Increase in:		
Property and Equipment	495	874
Trust Funds:		
Net Noncash (Decrease) in:		
Property and Equipment	<u>(207)</u>	<u>(255)</u>
Net Nonoperating Changes	<u>\$17,892</u>	<u>\$87,035</u>

BUREAU OF LAND MANAGEMENT
COMBINING COMPARATIVE STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)

	1994		
	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS
ASSETS:			
Entity Assets:			
Intragovernmental Assets:			
Fund Balances with Treasury	\$ 19,016	\$ 9,377	\$ 310,895
Accounts Receivable			32,146
Governmental Assets:			
Accounts Receivable, Net			1,408
Travel Advances	252		
Cash in Imprest Funds	523		
Operating Materials and Supplies			14,044
Inventory, Net	2,779		
Property and Equipment, Net	34,766	6,362	888,046
Total Entity Assets	<u>57,336</u>	<u>15,739</u>	<u>1,246,539</u>
Non-Entity Assets:			
Intragovernmental Assets:			
Fund Balances with Treasury			164,462
Governmental Assets:			
Accounts Receivable, Net			1,047
Unmatured Timber Sales Contracts	_____	_____	54,887
Total Non-Entity Assets	_____	_____	<u>220,396</u>
Total Assets	<u>\$ 57,336</u>	<u>\$ 15,739</u>	<u>\$ 1,466,935</u>

1993

COMBINED	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS	COMBINED
\$ 339,288	\$17,595	\$ 7,494	\$ 312,519	\$ 337,608
32,146		3	6,219	6,222
1,408			2,082	2,082
252	277			277
523	473			473
14,044			20,230	20,230
2,779	2,960			2,960
<u>929,174</u>	<u>32,800</u>	<u>5,389</u>	<u>848,865</u>	<u>887,054</u>
<u>1,319,614</u>	<u>54,105</u>	<u>12,886</u>	<u>1,189,915</u>	<u>1,256,906</u>
164,462			164,055	164,055
1,047			1,804	1,804
<u>54,887</u>			<u>86,650</u>	<u>86,650</u>
<u>220,396</u>			<u>252,509</u>	<u>252,509</u>
<u>\$1,540,010</u>	<u>\$54,105</u>	<u>\$12,886</u>	<u>\$1,442,424</u>	<u>\$1,509,415</u>

BUREAU OF LAND MANAGEMENT
COMBINING COMPARATIVE STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)

	1994		
	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS
LIABILITIES AND NET POSITION:			
LIABILITIES:			
Liabilities Covered by Budgetary Resources:			
Intragovernmental Liabilities:			
Accounts Payable	\$ 62	\$ 25	\$ 16,927
Governmental Liabilities:			
Accounts Payable	694	144	114,464
Accrued Payroll and Benefits	97	129	19,745
Undistributed Collections			86,913
Deposit Funds			18,271
Deferred Credits			55,449
Total Liabilities Covered by Budgetary Resources	<u>853</u>	<u>298</u>	<u>311,769</u>
Liabilities Not Covered by Budgetary Resources:			
Intragovernmental Liabilities:			
Workers and Unemployment Compensation Payable			7,893
Governmental Liabilities:			
Accrued Annual Leave			38,135
Total Liabilities Not Covered by Budgetary Resources			<u>46,028</u>
Contingent Liabilities			
Total Liabilities	<u>853</u>	<u>298</u>	<u>357,797</u>
NET POSITION:			
Unexpended Appropriations			253,075
Invested Capital	35,356	6,505	903,968
Cumulative Results of Operations	18,939		
Donations	2,188	(143)	(1,877)
Trust Fund Balances		9,079	
Future Funding Requirements			(46,028)
Net Position	<u>56,483</u>	<u>15,441</u>	<u>1,109,138</u>
Total Liabilities and Net Position	<u>\$ 57,336</u>	<u>\$ 15,739</u>	<u>\$1,466,935</u>

BUREAU OF LAND MANAGEMENT
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)

1993

COMBINED	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS	COMBINED
\$ 17,014	\$ 64	\$ 50	\$ 13,568	\$ 13,682
115,302	502	156	41,353	42,011
19,971	94	132	17,767	17,993
86,913			127,521	127,521
18,271			17,282	17,282
<u>55,449</u>	<u> </u>	<u> </u>	<u>87,371</u>	<u>87,371</u>
<u>312,920</u>	<u>660</u>	<u>338</u>	<u>304,862</u>	<u>305,860</u>
7,893			6,622	6,622
<u>38,135</u>	<u> </u>	<u> </u>	<u>37,154</u>	<u>37,154</u>
<u>46,028</u>	<u> </u>	<u> </u>	<u>43,776</u>	<u>43,776</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>358,948</u>	<u>660</u>	<u>338</u>	<u>348,638</u>	<u>349,636</u>
253,075			268,467	268,467
945,829	33,572	5,532	870,969	910,073
18,939	17,685			17,685
168	2,188	(143)	(1,874)	171
9,079		7,159		7,159
(46,028)			(43,776)	(43,776)
<u>1,181,062</u>	<u>53,445</u>	<u>12,548</u>	<u>1,093,786</u>	<u>1,159,779</u>
<u>\$1,540,010</u>	<u>\$54,105</u>	<u>\$12,886</u>	<u>\$1,442,424</u>	<u>\$1,509,415</u>

BUREAU OF LAND MANAGEMENT
COMBINING COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)

	1994		
	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS
FINANCING SOURCES, REVENUES, AND COLLECTIONS:			
Financing Sources:			
Appropriated Capital Used	\$	\$	\$ 964,714
Revenues:			
Sales of Goods and Services - Public	16		1,172
Sales of Goods and Services - Intragovernmental	17,138		10,917
Gain (Loss) on Disposition of Assets	(110)		
Trust Fund Revenue		9,297	
Collections:			
Gross Receipts			146,075
Less:			
Receipts Transferred or to be Transferred to Treasury or Other Agencies			(124,912)
Total Financing Sources, Revenues, and Collections	<u>17,044</u>	<u>9,297</u>	<u>997,966</u>
EXPENSES:			
Operating Expenses	6,639	6,196	985,685
Cost of Goods Sold - Intragovernmental	2,445		
Depreciation	5,413		12,195
Interest Expense	4	1	86
Unfunded Annual Leave			981
Unfunded Workers and Unemployment Compensation			1,271
Total Expenses	<u>14,501</u>	<u>6,197</u>	<u>1,000,218</u>
Excess (Shortage) of Financing Sources, Revenues, and Collections over Total Expenses	<u>\$ 2,543</u>	<u>\$ 3,100</u>	<u>\$ (2,252)</u>
CHANGES IN NET POSITION:			
Net Position, Beginning Balance	\$53,445	\$12,548	\$1,093,786
Excess (Shortage) of Financing Sources, Revenues, and Collections over Total Expenses	2,543	3,100	(2,252)
Plus (Minus) Nonoperating Changes	<u>495</u>	<u>(207)</u>	<u>17,604</u>
Net Position, Ending Balance	<u>\$ 56,483</u>	<u>\$15,441</u>	<u>\$1,109,138</u>

BUREAU OF LAND MANAGEMENT
COMBINING COMPARATIVE STATEMENTS OF
CASH FLOWS FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1991 AND 1992
(Dollars in Thousands)

1993

COMBINED	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS	COMBINED
\$ 964,714	\$	\$	\$ 920,395	\$ 920,395
1,188	16		1,949	1,965
28,055	16,121		22,476	38,597
(110)	219			219
9,297		8,867		8,867
146,075			252,886	252,886
(124,912)			(231,677)	(231,677)
<u>1,024,307</u>	<u>16,356</u>	<u>8,867</u>	<u>966,029</u>	<u>991,252</u>
998,520	6,124	7,326	960,527	973,977
2,445	2,547			2,547
17,608	5,304		5,414	10,718
91	2	2	89	93
981			1,301	1,301
1,271			6,622	6,622
<u>\$1,020,916</u>	<u>13,977</u>	<u>7,328</u>	<u>973,953</u>	<u>995,258</u>
<u>\$ 3,391</u>	<u>\$ 2,379</u>	<u>\$ 1,539</u>	<u>\$ (7,924)</u>	<u>\$ (4,006)</u>
\$1,159,779	\$50,192	\$11,264	\$1,015,294	\$ 1,076,750
3,391	2,379	1,539	(7,924)	(4,006)
<u>17,892</u>	<u>874</u>	<u>(255)</u>	<u>86,416</u>	<u>87,035</u>
<u>\$1,181,062</u>	<u>\$53,445</u>	<u>\$12,548</u>	<u>\$1,093,786</u>	<u>\$ 1,159,779</u>

BUREAU OF LAND MANAGEMENT
COMBINING COMPARATIVE STATEMENTS OF
CASH FLOWS FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1994 AND 1993
(Dollars in Thousands)

	1994		
	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess (Shortage) of Financing Sources, Revenues, and Collections Over Total Expenses	\$ 2,543	\$ 3,100	\$ (2,252)
Adjustments Affecting Cash Flow:			
Appropriated Capital Used			(964,714)
Decrease (Increase) in Accounts Receivable		3	(24,496)
Decrease in Other Assets	155		37,949
Increase (Decrease) in Accounts Payable	190	(37)	76,471
Increase (Decrease) in Other Liabilities	3	(3)	(69,563)
Loss (Gain) on Disposition of Assets	110		
Depreciation	5,413		12,195
Unfunded Expenses			2,252
Total Adjustments	<u>5,871</u>	<u>(37)</u>	<u>(929,906)</u>
Net Cash Provided (Used) by Operating Activities	<u>8,414</u>	<u>3,063</u>	<u>(932,158)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sales of Property and Equipment	1,027		
Purchases of Property and Equipment	<u>(8,020)</u>	<u>(1,180)</u>	<u>(51,682)</u>
Net Cash (Used) by Investing Activities	<u>(6,993)</u>	<u>(1,180)</u>	<u>(51,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Appropriations (Current Warrants)			1,093,663
Transfers of Cash from Others			24,750
Transfers of Cash to Others			(128,996)
Withdrawals			(6,623)
Rescission of Budget Authority from Closed Fund	<u> </u>	<u> </u>	<u>(171)</u>
Net Cash Provided by Financing Activities	<u> </u>	<u> </u>	<u>982,623</u>
Net Cash Provided (Used) by Operating, Investing, and Financing Activities	1,421	1,883	(1,217)
Fund Balances with Treasury, Beginning Balance	<u>17,595</u>	<u>7,494</u>	<u>476,574</u>
Fund Balances with Treasury, Ending Balance	<u>\$ 19,016</u>	<u>\$ 9,377</u>	<u>\$ 475,357</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Total Interest Paid	\$ 4	\$ 1	\$ 86

1993

COMBINED	REVOLVING FUND	TRUST FUNDS	APPROPRIATED FUNDS	COMBINED
<u>\$ 3,391</u>	<u>\$ 2,379</u>	<u>\$ 1,539</u>	<u>\$ (7,924)</u>	<u>\$ (4,006)</u>
(964,714)			(920,395)	(920,395)
(24,493)		(3)	4,120	4,117
38,104	473		121,370	121,843
76,624	(307)	10	5,483	5,186
(69,563)	(8)	(90)	(197,296)	(197,394)
110	(219)			(219)
17,608	5,304		5,414	10,718
2,252			7,923	7,923
<u>(924,072)</u>	<u>5,243</u>	<u>(83)</u>	<u>(973,381)</u>	<u>(968,221)</u>
<u>(920,681)</u>	<u>7,622</u>	<u>1,456</u>	<u>(981,305)</u>	<u>(972,227)</u>
1,027	1,421			1,421
<u>(60,882)</u>	<u>(6,059)</u>	<u>(1,261)</u>	<u>(40,893)</u>	<u>(48,213)</u>
<u>(59,855)</u>	<u>(4,638)</u>	<u>(1,261)</u>	<u>(40,893)</u>	<u>(46,792)</u>
1,093,663			1,104,693	1,104,693
24,750			9,238	9,238
(128,996)			(88,177)	(88,177)
(6,623)				
<u>(171)</u>				
<u>982,623</u>			<u>1,025,754</u>	<u>1,025,754</u>
2,087	2,984	195	3,556	6,735
<u>501,663</u>	<u>14,611</u>	<u>7,299</u>	<u>473,018</u>	<u>494,928</u>
<u>\$ 503,750</u>	<u>\$ 17,595</u>	<u>\$ 7,494</u>	<u>\$ 476,574</u>	<u>\$ 501,663</u>
\$ 91	\$ 2	\$ 2	\$ 89	\$ 93



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Headquarters, Room 400

1500 Wilson Boulevard

Suite 400

Arlington, VA 22204

FEB 24 1995

Memorandum

To: Director, Bureau of Land Management

From: Acting Assistant Inspector General for Audit

Subject: Report on Bureau of Land Management Certified Financial Statements for Fiscal Years 1993 and 1994

In accordance with the Chief Financial Officers Act of 1990, we audited the accompanying Bureau of Land Management's certified financial statements for the fiscal years ending September 30, 1993 and 1994. The financial statements are the responsibility of the Bureau of Land Management. Our responsibility is to express an opinion based on our audit of these financial statements.

Section F Auditor Report

Our audit was conducted in accordance with the "Generally Accepted Accounting Standards" issued by the Comptroller General of the United States and Office of Management and Budget Bulletin 93-10, "Audit Requirements for Federal Financial Statements," and was completed on January 27, 1995. These audit standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and notes. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

We found that except for the amounts reported for property and equipment, as discussed below, the financial statements and accompanying notes present fairly the Bureau of Land Management's assets, liabilities, and net position; revenue, financing resources, and expenses; cash flows; and budget and actual expenses. We also found that these financial statements are presented in conformity with the accounting standards and policies described in the Notes to Financial Statements. Further, except for the amounts reported for property and equipment, the supplemental non-binding financial statements are fairly stated in relation to the financial statements taken as a whole.



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Headquarters Audits
1550 Wilson Boulevard
Suite 401
Arlington, VA 22209

FEB 24 1995

Memorandum

To: Director, Bureau of Land Management

From: Acting Assistant Inspector General for Audits

Subject: Report on Bureau of Land Management Combined Financial Statements for Fiscal Years 1993 and 1994

In accordance with the Chief Financial Officers Act of 1990, we audited the accompanying Bureau of Land Management's combined financial statements for the fiscal years ending September 30, 1993, and 1994. These financial statements are the responsibility of the Bureau of Land Management, and our responsibility is to express an opinion, based on our audit, on these financial statements.

Our audit was conducted in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States, and Office of Management and Budget Bulletin 93-06, "Audit Requirements for Federal Financial Statements," and was completed on January 27, 1995. These audit standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and notes. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

We found that except for the amount reported for property and equipment, as discussed below, the financial statements and accompanying notes present fairly the Bureau of Land Management's assets, liabilities, and net position; revenue, financing sources, and expenses; cash flows; and budget and actual expenses. We also found that these financial statements are presented in conformity with the accounting standards and policies described in the Notes to Financial Statements. Further, except for the amounts reported for property and equipment, the supplemental combining financial statements are fairly stated in relation to the financial statements taken as a whole.

We were unable to audit \$805 million of the \$887 million and \$842.9 million of the \$929 million reported at September 30, 1993, and 1994, respectively, for real property in the property and equipment account. The Bureau has neither consistently nor regularly accounted for real property in the real property subsidiary system and in the general ledger account for real property. In addition, the Bureau has not reconciled the \$51.7 million and the \$67.5 million differences between the amounts reported in the real property subsidiary system and in the general ledger account for real property for fiscal years 1993 and 1994, respectively. Further, the Bureau did not have other records that we could use to validate the amounts reported for real property.

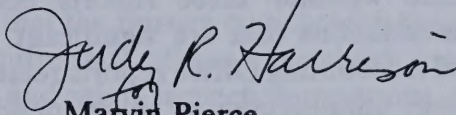
As part of our audit, we evaluated the Bureau's internal control structure, tested the Bureau's compliance with selected provisions of laws and regulations, and reviewed the financial information presented in the Bureau's overview. We also reviewed the Bureau's most recent report required by the Federal Managers' Financial Integrity Act of 1982 and compared it with the results of our evaluation of the Bureau's internal control structure. However, because of inherent limitations in any system of internal controls, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting our evaluations to future periods is subject to the risk that controls or the degree of compliance with the controls may deteriorate.

Except as discussed in the paragraph below, we found that the Bureau's internal control structure in effect on September 30, 1994, was sufficient to safeguard assets against loss from unauthorized use or disposition; ensure that transactions were executed in accordance with laws and regulations; ensure that transactions were properly recorded, processed, and summarized; and provide reasonable assurance that any losses, noncompliance, or misstatements that are material to the financial statements would be detected. In addition, we found that there were no material instances of noncompliance with selected provisions of laws and regulations for fiscal year 1994 that we tested, and nothing came to our attention in the course of our other audit work to indicate that material noncompliance with such provisions occurred. Further, we found that the financial information in the Bureau's overview related to the financial statements is reliable and consistent with the information presented in the statements.

In our August 1994 report (No. 94-I-1249) on the Bureau's financial statements for fiscal years 1992 and 1993, we reported that the Bureau had not reconciled balance differences in its real property subsidiary system and its general ledger account for real property. In addition, we reported that the Bureau's real property subsidiary system records were not maintained on a regular or periodic basis. The Bureau concurred with the real property finding in our August 1994 report and has initiated corrective action that it expects to complete by September 30, 1996. Although the

issue of accounting for real property remains a significant reportable condition, it is not considered a material weakness.

Significant findings with unimplemented recommendations from prior Office of Inspector General and U.S. General Accounting Office audit reports related to the Bureau's financial statements are summarized on page 4 of this report.


Marvin Pierce

SUMMARY OF PRIOR SIGNIFICANT FINDINGS WITH UNIMPLEMENTED RECOMMENDATIONS

We reviewed prior Office of Inspector General and General Accounting Office reports related to the Bureau of Land Management's financial statements to determine whether these reports contained any findings and unimplemented recommendations that are significant. Our review disclosed that there were no General Accounting Office reports related to the financial statements that contained significant unimplemented recommendations. The Office of Inspector General reports that contained significant unresolved and unimplemented recommendations are as follows:

- **"Staffing and Resource Allocation, Bureau of Land Management" (No. 92-I-367)**, issued in January 1992. The report concluded that the Bureau's three-level field organizational structure had resulted in the inefficient and ineffective use of Bureau resources, which has adversely impacted Bureau programs. The report also noted that substantial administrative support costs were being improperly charged to direct program expenditures. The latter occurred, according to the report, because of the Bureau's need to fund the proliferation of support functions and because the Bureau's cost accounting system allowed administrative costs to be charged to operational program accounts. The Bureau disagreed with the report's findings and the manner in which the audit was conducted, and the report's four recommendations were referred to the Departmental Audit Coordination Officer for resolution.

- **"Personal Property Management, Bureau of Land Management" (No. 93-I-661)**, issued in March 1993. The report concluded that the Bureau was not maintaining accountability over its personal property. Specifically, the Bureau did not assign appropriate responsibility for property; maintain adequate records; and initiate boards-of-survey action to investigate missing, stolen, damaged, or destroyed property. Also, the Bureau did not reconcile balances in the general ledger account for personal property with the balances in the Automated Personal Property System. The Bureau disagreed with the recommendation concerning the need to conduct annual property inventories and did not adequately address the recommendation to document property transfers between custodial officers. These two recommendations were referred to the Departmental Audit Coordination Officer for resolution.

- **"Maintenance Activities, Bureau of Land Management" (No. 94-I-1067)**, issued in August 1994. The report concluded that the Bureau had improved its facilities maintenance program but that the program was negatively impacted because funds appropriated for needed maintenance were used to pay costs associated with other Bureau programs and subactivities. We found that in California, Nevada, Oregon, and Utah, the Bureau had not followed the policies and procedures

designed to ensure that funds were used in accordance with the approved budget, which in effect resulted in the undocumented reprogramming of funds. Specifically, our review of the \$9 million received by these Bureau offices during fiscal years 1992 and 1993 disclosed that \$2.1 million was used for nonmaintenance activities. We also noted that the Bureau lacked adequate procedures to ensure that needed maintenance work was identified and prioritized. As a result, needed maintenance has been deferred, which has led to or could lead to uncorrected health and safety hazards, damage to resources, diminished recreational experiences, and possible closure of facilities. We recommended that the Bureau comply with the policies and procedures for the control of funds, require state offices to establish procedures for coordinating the facilities maintenance and safety inspection programs, and require managers to use the maintenance management system for prioritizing health and safety hazards during the planning process and to allocate sufficient funds to correct those hazards. The Bureau agreed to implement the three recommendations by September 30, 1995.

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